

**CALFRESH REQUEST FOR POLICY INTERPRETATION****PI# 18-37**

**INSTRUCTIONS:** Complete items 1 - 10 on the form. Use a separate form for each policy interpretation request. If additional space is needed, please use the second page. Retain a copy for your records and submit via email to CalFresh-PI@dss.ca.gov.

**Please note:** the policy interpretation provided is based on the unique set of facts presented and should not be assumed to apply in all scenarios.

1. RESPONSE NEEDED DUE TO: <input checked="" type="checkbox"/> Policy/Regulation Interpretation <input type="checkbox"/> QC <input type="checkbox"/> Other:		5. DATE OF REQUEST: 03/30/2018	NEED RESPONSE BY: 04/06/2018
2. REQUESTOR NAME:		6. COUNTY/ORGANIZATION: Santa Barbara County	
3. PHONE NO.:      EMAIL:		7. SUBJECT: Income from a Limited Liability Company (LLC)	
4. REGULATION CITE(S): 63-502.132		8. REFERENCES: (Include ACL/ACIN, court cases, etc. in references) NOTE: All requests must have a regulation cite(s) and/or a reference(s). ACIN I-73-04 (question #15)	

## 9. QUESTION: (INCLUDE SCENARIO IF NEEDED FOR CLARITY):

Scenario: A client owns a LLC and is the sole proprietor of the company. The client has gross income and expenses from her business. The client also pays herself a monthly salary of \$2000 per month.

## Questions:

- 1) Is an employee of a LLC considered Self Employed?
- 2) Would the \$2000 the client pays herself be Self Employment or earned income?

## 10. REQUESTOR'S PROPOSED ANSWER:

ACIN I-73-04 states that an employee of an incorporated business is not considered self employed, but rather and employee of the business that is receiving earned income.

## Answers:

- 1) An LLC is a type of unincorporated business distinct from a corporation, therefore, the client would be considered Self Employed.
- 2) The \$2000 the client pays herself and the gross income she makes from the LLC would be considered Self Employment income. The client would also be entitled to the 40% or actual for expenses.

## 11. STATE POLICY RESPONSE (CFPB USE ONLY):

- 1) Based on the above scenario, CDSS concurs with the county's first proposed answer. A Limited Liability Company (LLC) is a type of unincorporated self-employment business distinct from a corporation if client who is also an owner of the company elects it not to be treated as a corporation.
  - 2) A monthly salary of \$2000 the client pays herself will also be counted as her self-employment income because the client does not file W-2 for the salary she receives from her business and this amount will be added to the total monthly income she is making from the business to calculate her total monthly gross income.
- Please refer to 7 CFR 273.11(a)(2)(i) for details on how to calculate monthly self-employment income of the client.

**FOR CDSS USE**DATE RECEIVED:  
04/2/2018DATE RESPONDED TO COUNTY/ALJ:  
SV 04/16/2018